

December 3, 2019

Re: Rosebay at Medfield

Dear Ms. Murphy,

I am happy to provide additional context related to risk and timing of Rosebay relative to the letter of support from me on behalf of the Affordable Housing Trust. Considering the timing of your letter and the Thanksgiving holiday, we were not able to meet as a board, so this response is from me as chair and does not reflect a collective board review at a posted meeting. I hope that you and yours enjoyed time with family and friends over the Thanksgiving holiday.

I have bulleted what I took to be the most important points and questions you raised:

- **Q: It will take several rounds of applications for DHCD financing to obtain the tax credits that will help finance the project.**
- R: As I understand it, typically there are annual rounds and potentially additionally mini-rounds that occur through the year where this project could apply for tax credits. This would result in one or more rounds per calendar year that Mr. McMillan could apply for. It is worthy to note that the Parc, the previous project Mr. McMillan was associated with in Medfield, received its funding on the first application and did not need additional rounds. The Trust feels that there are several factors that weigh into the equation for evaluation for funding: 1. This is a site and a predefined need in the town's approved Housing Production Plan from inception (as approved by DHCD, the same agency that allocates tax credits for the state) and this is a project that is consistent with that HPP need. 2: The developer has experience with 40B housing within the town. 3: The project provides housing for folks at the 30% and 60% median area income, the two incomes points hardest to address in 40B developments in towns such as ours.

- **Q: DHCD prefers family projects over senior projects:**
- R: The trust feels that DHCD will look extremely favorably on this senior housing development particularly since this project is identified in and consistent with the plan that they approved. With the Parc development being family housing and the last Limited Income Housing Tax Credit (LIHTC) project funded in Medfield, and additionally since then the town approving both home ownership and rental affordable housing developments consistent with its HPP, there is evidence supporting that it is not preferencing senior housing projects that avoid broader impact on town services. Additionally, the town has proactively put forth town land for home ownership/senior affordable housing in order to fill that need. Senior affordable housing on the Rosebay site was specifically called out in the HPP and referenced in the cover letter to the DHCD when the Board of Selectmen

submitted it for approval. What might be most attractive to DHCD, this project addresses broader and deeper affordable levels than most projects. All of the units are reserved for affordable housing, not just 25% like other developments. All of the units will serve individuals at 30% and 60% of the average area income, lower than the 80% level seen in most 40B affordable housing. Considering the above, I would anticipate a favorable reception of this project that will translate into a tax credit award sooner rather than later.

- **Q: The issuance of the building permit triggers the permanent inclusion in the Subsidized Housing Inventory contributing to perpetual safe harbor:**
- R: The issuance of the Comprehensive Permit allows the town to include the 45 units in its SHI contributing to 10% perpetual safe harbor. It is also true that if a building permit is not granted within one year, the units are deducted from our SHI until that permit is granted. Regardless of this, our planning currently assumes that Aura, as Local Initiative Project (LIP), privately funded without the need for tax credits, fulfills the two-year safe harbor without interruption. This provides protection even if Rosebay units fell from our inventory until May of 2022.

- **Q: What is the risk from a timing perspective that, even if Rosebay is granted a Comprehensive Permit from the ZBA, the building permit is not issued by the time the town is projected to be out of annual safe harbor.**
- R: The Affordable Housing Trust considered scenarios related to timing of the ZBA approval for Rosebay. The considerations of timing of funding of external tax credit resources resulted in an opinion that there was low risk related to the applicant not being approved for low income tax credit by May of 2022 relative to this project within the maximum duration scenario envisioned (see attached). With a building permit granted to Rosebay by May of 2022, the units are added back to our SHI and stay on as long as a Certificate of Occupancy is achieved within 18 months. This type and scale of project should be able to be built within that timeframe with low risk.

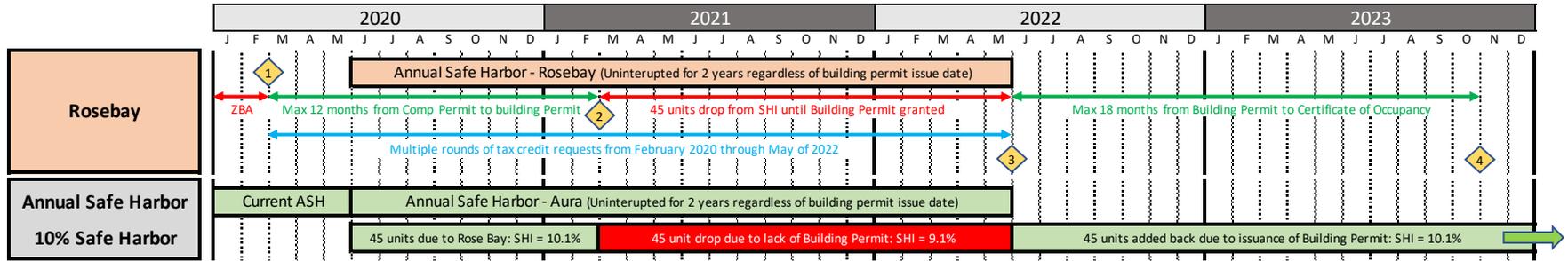
- **Q: A projected timeline that includes important milestone steps be proved.**
- R: Please see attached. This is my attempt at providing an illustrative time line and is not reflective of developer or ZBA input, but I feel is reflective of current conditions.

In summary, I feel that there is low risk relative to the Rosebay project team not achieving the milestones that keep the town in safe harbor and push it over its 10% goals. I understand that the timing and triggers are complex, I would be happy to discuss it further with you and go over any questions you may have.

James Brand

Medfield Affordable Housing Trust – Chair

Illustrative Milestone Regulatory Schedule Overlaid with Annual and 10% Perpetual Safe Harbor
 Medfield Affordable Housing Trust - November 30, 2019



Milestone Legend

- 1 = Date by which ZBA is required to close open hearing and render an approval.
- 2 = Maximum duration for Building Permit to be issued without units falling off of SHI (does not impact our annual Safe Harbor)
- 3 = Maximum duration by which a Building Permit needs to be issued in order to REGAIN the 45 units for 10% Perpetual Safe Harbor.
- 4 = Maximum duration by which a Certificate of Occupancy needs to be issued in order to RETAIN the 45 units for 10% Perpetual Safe Harbor.

Notes:

- Reflects the longest scenario that is still viable to maintain Annual Safe Harbor and achieve perpetual 10% Safe Harbor.
- If Rosebay milestones or approvals occur sooner, there is no negative Annual or Perpetual 10% Safe Harbor impact.
- Based on a ZBA comprehensive permit approval mid February as required by MGL Chapter 40B (180 days)
- Low Income Tax Credit funding rounds are anticipated to be at least one or more per year, anticipating more than 3 rounds between Feb 2020 and May 2023.
- Concurrently both Aura and Rosebay would provide uninterrupted annual safe harbor through May 2022 even if SHI drops back below 10%.